

# FISCAL NOTE

Bill #: HB0199

Title: Phase out livestock tax and  
class 6 property

Primary

Sponsor: John Cobb

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Revenue:</b>		
General Fund	(\$213,711)	(\$776,108)
State Special Revenue	(\$13,498)	(\$49,017)
<b>Net Impact on General Fund Balance:</b>	<b>(\$213,711)</b>	<b>(\$776,108)</b>

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

## Fiscal Analysis

### ASSUMPTIONS:

1. The taxable value for class 6 property in FY1998 was \$23,679,865. For the purpose of this fiscal note, it is assumed that the taxable value will not change (MDOR).
2. The 1998 average rural county mill levy is used for each year of the fiscal calculation.
3. The portion of the taxable value of class 6 property that is not liened to real property is 38% (MDOR). Because of this, phasing out class 6 property beginning January 1, 2000 will result in a revenue loss in FY2000.
4. In FY2000, it is estimated that the phase-down will reduce property taxes to the general fund approximately \$213,711, the state special revenue will be reduced \$13,498, and local government property taxes will be reduced \$555,576. In FY2001, it is estimated that the phase-down will reduce property taxes to the general fund approximately \$776,108, the state special revenue will be reduced \$49,017, and local government property taxes will be reduced \$2,017,618.
5. Section 3 (3) of the proposal exempts from taxation all property formerly classified as class 6 property. For purposes of this fiscal note it is assumed that Section 3 (3) refers to all property formerly classified as class 6 property as class 6 is defined on January 6, 1999 (see technical note 1).

FISCAL IMPACT:

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	(\$213,711)	(\$776,108)
State Special Revenue (02)	(\$13,498)	(\$49,017)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES:

It is estimated that local government property tax revenues will be reduced \$555,576 in FY2000 and reduced \$2,017,618 in FY2001.

LONG-RANGE IMPACTS:

The property revenues will continue to decline through FY2004 when the phase-out of class 6 property is complete. For FY2004 and each succeeding fiscal year it is estimated that property tax revenue for the general fund will be reduced by \$2,250,000, property tax revenues for the state special revenue will be reduced by \$142,000, and property tax revenues for local governments will be reduced by \$5,848,000.

TECHNICAL NOTES:

1. Section 3 (3) exempts from taxation all property formerly classified as class 6 property. The property classification system has historically renumbered property classes and redefined the property makeup of the property classes.
2. HB199 amends or repeals 15-1-101, 15-6-136 and 15-6-207. As written, the bill is not technically flawed since class 6 property remains taxable until January 1, 2003. However, when class 6 property becomes property tax exempt (January 1, 2003) there are other sections of law that must be amended or repealed.
3. The following sections of law refer to or rely on 15-1-101, 15-6-136, and 15-6-207.
  1. 15-24-301 Personal property brought into the state-assessment exceptions-custom combine equipment
  2. 15-24-302 Collection procedure
  3. 15-24-303 Proration of tax on personal property-refund
  4. 15-24-901 Definition
  5. 15-24-902 Assessment of livestock-election for assessment on average inventory basis
  6. 15-24-903 Duty of owner to assist in assessment
  7. 15-24-904 Penalty for violation of law
  8. 15-24-905 Livestock brought into state-notice to department
  9. 15-24-906 Collection of tax on livestock
  10. 15-24-920 Election for proration of tax on livestock-refunds-additional assessment
  11. 15-24-921 Per capita tax levy to pay expenses of enforcing livestock laws
  12. 15-24-922 Board of livestock to prescribe per capita levy-refunds-per capita levy on average inventory
  13. 15-24-925 Reimbursement to county-transmission of taxes from county to state treasurer
  14. 15-24-926 Livestock reserve fund
  15. 15-24-927 Average inventory-computation of estimated value of livestock
  16. 15-24-931 Assessment of swine
  17. 81-7-303 County commissioners permitted to require per capita license fee on sheep
  18. 81-7-603 County commissioners permitted to levy per capita license fee on cattle